

Message Text

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PAGE 01 COTONO 00907 221642 Z

43

ACTION AID-59

INFO OCT-01 AF-05 ADP-00 IGA-02 EB-05 L-03 RSR-01 RSC-01

/077 W

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R 221620 Z JUN 73

FM AMEMBASSY COTONOU

TO SECSTATE WASHDC 5246

UNCLAS COTONOU 0907

E. O. 11652: NGJA

TAGS: EAID, DM

SUBJECT: SELF- HELP OBLIGATIONS - FY 73 - DAHOMEY

REF: STATE 120522

1. APPEARS TO US SPECIAL PROBLEMS POSED FOR SELF- HELP PROGRAM BY DEVALUATION OF DOLLAR NOT FORESEEN WHEN AID MANUAL ORDER 712.1 WRITTEN. AS WE STATED IN COTONOU 0857, CONCEPT OF SELF- HELP PROGRAM PRECLUDES PURCHASE ORDERS BEING ISSUED TO SELF- HELP RECIPIENTS IN DOLLARS. PROBLEM OF OVEREXPENDITURE LIES IN TIME LAG BETWEEN ISSUANCE OF PURCHASE ORDER AND PAYMENT SUPPLIER'S

BILL BY EMBASSY. IF DEVALUATION OF DOLLAR HAS TAKEN PLACE IN PERIOD BETWEEN THESE TWO ACTIONS, THEN OVERSPENDING IN RELATION DOLLAR AMOUNTS IN IAA IS INEVITABLE. SINCE CURRENCY DEVALUATIONS ARE PER FORCE TIGHTLY HELD, SEE NO WAY EMBASSY COULD BE " AWARE OF IMPENDING DEVALUATION." (REFTEL) WE UNLIKELY BE BETTER INFORMED THAN THE ROTHSCHILDS, AND WERE CERTAINLY UNAWARE OF PAUL VOLKER'S DRAMATIC WORLD TRIP PRIOR TO LAST DEVALUATION.

2. TO COVER OVERAGES CAUSED BY DEVALUATION, WE HAVE CANCELLED EXCELLENT PROJECT, WHICH WAS READY FOR SIGNATURE OF IAA. MONEY THUS SAVED WILL COVER OVERAGES. FOR FY 74, WE ARE PLANNING ADD 10 PERCENT MARGIN TO EACH AGREEMENT AS HEDGE AGAINST FURTHER DEVALUATION.

IF BALANCES REMAIN ON COMPLETED PROJECTS AT END OF YEAR, WE WIUN USE MONEY TO SIGN ADDITIONAL AGREEMENT. THIS MAY NOT BE MOST EFFICIENT WAY OF HANDLING PROBLEM, BUT , UNTIL SOME MORE GENERAL

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PAGE 02 COTONO 00907 221642 Z

SOLUTION IS FOUND TO PROBLEM POSED BY CURRENCY DEVALUATION,
WE SEE NO BETTER WAY OF ASSURING AGAINST DANGER OF
OVEREXPENDITURE.
ANDERSON

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NNNNMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

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Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
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